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About the Cover:

Amid the blue grandeur of Alaska's Cook Inlet, Seismograph Service Corporation conducts a shallow-water search for oil and natural gas. The Raytheon subsidiary's new seismic-exploration vessel trails a long cable supporting sensitive hydrophones that gather data for subsequent analysis. On page 7 is a picture taken aboard the boat.

Raytheon Company
141 Spring Street
Lexington, Massachusetts 02173

Raytheon Company serves a broad range of industrial, government and consumer markets. The company's principal products and services include electronic components, equipment and systems; engineering, construction and geophysical-exploration services; major appliances; heavy construction equipment; and educational materials.

Comparative Highlights

	1974	1973
Net sales	\$1,928,855,000	\$1,590,461,000
Net income	\$ 57,751,000	\$ 46,162,000
Earnings per common share	\$3.85	\$3.03
Cash dividends paid		
Common stock	\$ 11,250,000	\$ 9,914,000
Per share	\$.75	\$.65
Net working capital	\$ 262,092,000	\$ 247,107,000
Net property, plant and equipment	\$ 186,743,000	\$ 148,580,000
Stockholders' equity		
Total	\$ 403,206,000	\$ 356,138,000
Per common share	\$26.85	\$23.79
Outstanding shares of common stock		
At end of year	15,014,705	14,971,613
Average outstanding during year	15,001,560	15,217,912
Stockholders of record	22,261	22,864
Backlog		
Total orders	\$2,647,234,000	\$1,421,112,000
U.S. Government funded orders included above	\$ 644,590,000	\$ 653,256,000

Raytheon had its best growth year of the seventies in 1974. Sales were up 21 per cent to \$1,928,855,000. Net income increased 25 per cent to \$57,751,000. Earnings per share rose 27 per cent to \$3.85. We exceeded our 1975 goals by a substantial margin and built the largest backlog in our history with year-end orders amounting to \$2.6 billion compared with \$1.4 billion at the beginning of 1974.

Our 1974 improvements were largely attributable to growth in the company's energy services and government systems businesses. These areas continue strong as we enter 1975.

High Marks in Energy Services

Our energy-related businesses grew substantially in the past year, and the backlog more than doubled.

This rise in business, caused by the world's expanding need for fuel, petrochemical by-products and electric power, had a pronounced effect on our seismic exploration subsidiary, Seismograph Service; our designer and builder of petroleum refineries and petrochemical plants, Badger; and our power plant designer and constructor, United Engineers.

Seismograph Service continued to expand its worldwide geophysical exploration activity, increasing the number and capability of its crews. By the end of 1974, the number of crews in the field or in preparation was up 40 per cent over the beginning of the year. The Phoenix seismic data-processing system using a Raytheon mini-computer has become widely accepted and, by the end of 1974, some 90 of these systems were in use.

Badger experienced a large influx of orders in 1974. Its backlog at year end rose to the highest in the company's history. Most orders were in the petrochemical field in processes for which Badger has a preferred position.

United Engineers expanded its role in engineering and construction of power generating stations with contracts for seven new nuclear units and two new fossil fuel units. United now has projects in 30 states, Canada and Puerto Rico.

Although some stretch-out by utilities was noted at year end, United goes into 1975 with a healthy backlog of 20 nuclear and 18 fossil fuel units under contract, a record high for the company.

Government Orders Up

The Improved Hawk program provided significant bookings for the company in 1974 including substantial orders for the U.S. Army and Marine Corps. Contracts also were signed with a consortium of six NATO nations for a total of \$746 million. Approximately 60 per cent of the latter work will be done by Raytheon and 40 per cent by European firms with Raytheon serving as the system contractor.

Saudi Arabia also placed an order for Improved Hawk for approximately \$260 million to update its existing Hawk air-defense system.

Evaluation tests were completed in 1974 on the Advanced Sparrow air-to-air missile and approval was granted for full-scale production. This missile is designated for use aboard several Air Force and Navy fighter aircraft.

Other government programs showed substantial gains as they moved into production for both U.S. and international customers. We continued our role as a major supplier of shipboard fire-control systems to certain navies of the free world with additional Tartar-D systems and the new six-nation NATO Seasparrow which went into production in 1974. For improving safety in air travel, we completed installation of our enroute air-traffic control equipment at 20 major Federal Aviation Administration centers and began delivering similar controller display equipment to foreign customers. Also, our new ground control approach landing system for the Air Force, the TPN-19, went into initial production with additional orders expected this coming year.

Despite the decline in major new engineering starts by the Department of Defense, the company does have several significant systems in development. The SAM-D air-defense system – which will ultimately replace Hawk in the 1980's, the guidance system for the new Trident submarine-launched missile, a new sonar for small surface naval vessels, and electronic countermeasure systems for Air Force EF-111A jammer aircraft and for naval surface ships are all programs expected to be carried through to production status over the next several years.

The diversity of our development projects and the importance of most of those now going into production for both U.S. and international customers provides a balanced posture for continuing stability in our government business.

Although the year has been one of declining consumer sales in the appliance industry in general, Raytheon's major appliance business ran counter to the trend due to the performance of Amana. A drop in U.S. home construction affected sales of gas ranges and central heating and air-conditioning units; however, sales of freezers and Radarange® microwave ovens more than offset this decline.

Amana and Caloric both introduced energy-conserving appliances which have been well received in initial market introductions. New Amana refrigerators and air conditioners incorporate features to reduce energy consumption ranging from 10 to 16 per cent, and Caloric's new pilotless ignition gas ranges reduce consumption by as much as 30 per cent. Although we look for continued softness in the appliance market, we enter this period with a strong array of products and good market acceptance.

The increasing overseas market for road-building equipment gave our Iowa Manufacturing subsidiary a year of continuing growth. Their export sales of rock-crushing and paving equipment and the improved domestic sales of steel fabrication and foundry products resulted in increases in both sales and earnings.

The company's commercial electronics business had a mixed year. The national economic slowdown had its detrimental effects on some aspects of this business, while other parts fared reasonably well. Raytheon Data Systems broadened its marketing base during the year as its PTS-100 programmable terminal moved into new market applications. Now widely used by major domestic and international airlines, this product is finding new markets in banking, travel booking, credit verification, and insurance businesses.

The semiconductor industry started 1974 with the high momentum of a record 1973 and then encountered a very pronounced slowdown in demand in the second quarter which continued for the remainder of the year. Our semiconductor business was beset by the same conditions but through reduction of costs and curtailing of capacity, we believe that we have established a sound business at a reduced level of operations for 1975.

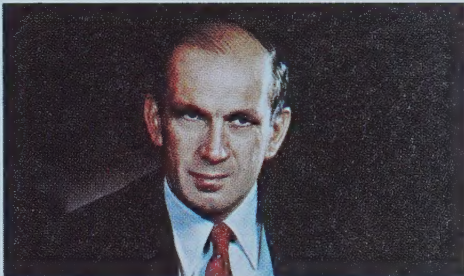
Early in 1975, an agreement was reached by A.C. Cossor, our British subsidiary, to purchase Greengate Cables of Manchester, England. The firm, whose sales for 1974 exceeded \$10 million, makes welding cable and polyvinyl armored and sheathed power cables that complement existing cable lines produced by Cossor's Sterling Cable subsidiary in England.

As its contribution toward the U.S. Bicentennial celebration, Raytheon is sponsoring a multi-media theater to depict the Battle of Bunker Hill. Construction is well along on a site adjacent to the *USS Constitution* in the Charlestown area of Boston. More than one million persons are expected to see this educational historical presentation in each of the two Bicentennial years.

"The Creative Ordeal," a history of Raytheon, authored by Otto J. Scott, was published in November and offered to employees and shareholders at reduced prices. Copies are also available in bookstores around the country.

On February 26, 1975, the company agreed in principle to merge I-T-E Imperial Corporation with Raytheon. The transaction is subject to the completion of a definitive agreement, receipt of a favorable tax ruling, approval of shareholders of both companies, and other conditions. Full details concerning the financial and other aspects of the merger will be provided to you in connection with a Raytheon special shareholder meeting later in the year.

Our outlook for 1975 is reasonably good despite the many uncertainties in the economy. We enter the new year with a strong backlog, a strong balance sheet and a strong competitive posture in important growth areas. Although there will be softness in some areas such as consumer products, semiconductors and textbooks, we expect this will be offset by continued gains in most of our other business areas.



Photos: Karsh, Ottawa

Charles F. Adams
Chairman of the Board

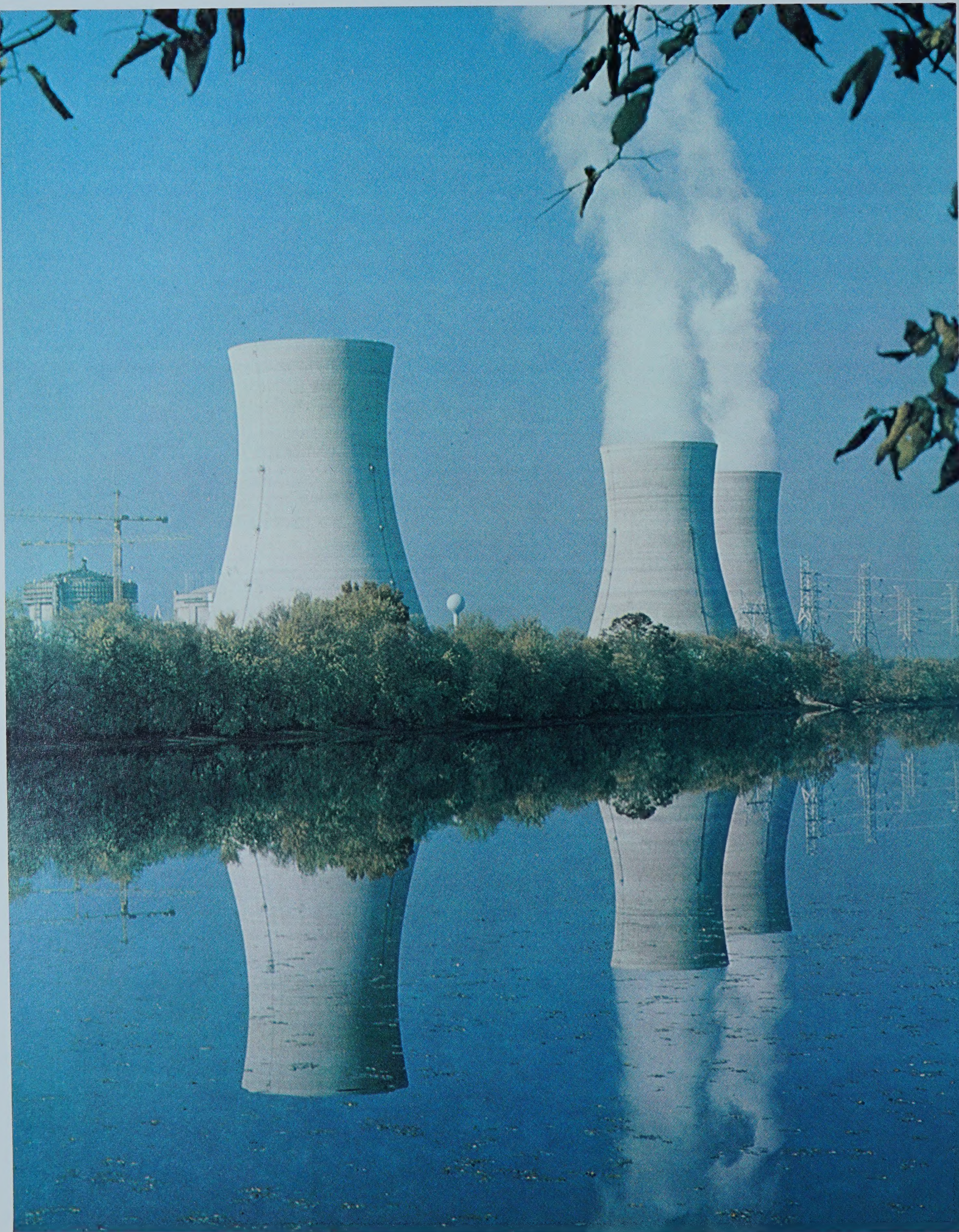
Thomas L. Phillips
President and Chief Executive Officer

D. Brainerd Holmes
Executive Vice President

Thomas L. Phillips
President and Chief Executive Officer

Charles F. Adams
Chairman

March 6, 1975



(left)
Water vapor condenses above the cooling towers of Metropolitan Edison's Three Mile Island nuclear power station near Harrisburg, Pa. United Engineers completed the station's first unit in 1974 and is continuing work on a second unit that will more than double capacity. Ball-shaped tower at center is large enough to store 100,000 gallons of water.

(right)
The control room of the Three Mile Island power station houses an impressive array of lights, gauges, computers and other electronic equipment to ensure safe, efficient operation. United Engineers' projects contributed almost 20 per cent of the total nuclear power generated in the United States in 1974.



Energy Services		Income
	Net Sales	before Taxes
1974	\$ 507,000,000	\$30,100,000
1973	\$ 332,200,000	\$17,000,000

During 1974, continuing demand for new energy sources and additional power-generating capacity brought a strong business stimulus to Raytheon's three energy-services subsidiaries. United Engineers & Constructors, a major designer and constructor of nuclear and conventional power plants, had notable business growth as electric utilities continued to implement plans for new generating stations. For The Badger Company, which specializes in designing and building process plants, worldwide construction activities increased with added demand for petrochemical and refining capacity. And Seismograph Service Corporation (SSC), which is engaged principally in geophysical exploration for oil and natural gas, increased crew numbers and equipment to meet mounting demands by petroleum companies for renewed efforts to locate new oil sources.

In 1974, seven power-generating stations designed and/or built by United Engineers began commercial production of electricity. Two of the seven are nuclear; the others are fossil-fueled.

Continuing to expand its role in the energy field, the company also won several new power-plant contracts. Assignments for nuclear units were obtained in the Northwest, in California and on the Gulf Coast. United has been selected to engineer a Texas power station to be fueled with lignite.

The difficulties some utilities experienced in raising expansion capital has not caused United a significant slowdown in business activity. Although one project was cancelled and two others were stretched out for an extra year, generally the only notable effect on United was curtailment of overtime work.

United's principal activities outside the energy field relate to the design and construction of plants to process metals and chemicals. In these areas, the company worked essentially at capacity.



(above)

In Taft, La., Badger is building a processing plant it designed for Witco Chemical Corporation. The plant will be first in the United States to produce polybutylene, a specialty plastic, commercially.

(left)

Badger designed, engineered and built this 140,000 barrels-a-day petroleum refinery for Total Raffinaderij Nederland N.V. It was completed in the Netherlands in 1974. Nearby, farming continues with the refinery in full operation.

At year's end, the national scope of United's current activity was evidenced by the fact that the company was engaged in work in 30 states, Canada and Puerto Rico. In 1974, the company opened a Knoxville, Tenn., office to strengthen its position in the South. By fall, 1975, United's headquarters will have occupied the new 20-story United Engineers Building in downtown Philadelphia. By about the same time, United branch offices will be in new quarters in Boston and Echelon, N.J. These moves have long been in the planning stage and will allow consolidation of United's manpower growth in recent years.

Badger completed a major refinery in the Netherlands for Total Raffinaderij Nederland N.V. in 1974 and expects to complete a West German refinery for Mobil in 1975. Other 1974 completions included a major fuel-oil depot for New England Petroleum Corporation and a substitute natural gas plant for Boston Gas Company. Meanwhile, a large fuel-oil desulfurization plant

for Bahama Oil Refining Company neared completion in the Bahamas, and studies on proposed new refineries were conducted.

In 1974, Badger received 45 plant contracts, many involving Badger-preferred technology. Of the total, five are for refineries and three for fertilizer plants. The remaining 37 are for petrochemical units to turn out a variety of products, including synthetic fibers, synthetic rubber, plastics and detergents. Some of these will have very large capacities. A new acrylonitrile plant for Monsanto Company will be the largest ever built. And a facility under construction for Cos-Mar, Inc. will be one of the world's largest styrene-producing plants.

The urgency of the search for fossil fuel reserves continues to accelerate demand for Seismograph's services. In 1974, the multinational company had more geophysical exploration crews at work than ever — on five continents and from Alaska to Zaire.



(right)
Seismograph Service personnel fasten hydrophones to cable that trails the SSC vessel as it gathers seismic data. Sound waves created by the boat's air guns are reflected by the subsurface and detected by the hydrophones. Analysis of reflections indicates whether oil or gas may be present.

(above)
Seismograph Service technician calibrates well-logging equipment near company headquarters in Tulsa, Okla. Current research and development work is expected to help SSC expand logging services in the years ahead.

SSC's revenues for the year were up sharply. And a number of new contracts were acquired for implementation in 1975.

Additional Phoenix seismic data-processing systems placed in service in 1974 more than doubled the total. The Phoenix system is based on Raytheon's array transform processor and 500-series minicomputers. SSC is the most successful supplier of mini-computer-based seismic data-processing systems. Firm commitments already in hand for 1975 delivery will bring the total number of systems in service to nearly 120.

SSC's Birdwell division also enjoyed a good year in the well-logging field. Petroleum engineers use well-logging equipment to test drilled wells and display information about rock formations and mineral distribution.



Major Appliances

(left)
Amana home economists test recipes developed for owners of Radarange® microwave ovens.



(top right)
This range and all other self-cleaning gas models in Caloric's 1975 line feature pilotless ignition.



(bottom right)
Like all Amana products, each energy-saving refrigerator is frequently and thoroughly checked on the production line.



(far right)
Visible beneath the top burner of a Caloric range is the electric sparking device that ignites it.

Major Appliances

	Net Sales	Income before Taxes
1974	\$ 210,400,000	\$15,300,000
1973	\$ 187,900,000	\$14,300,000

Although appliance industry sales generally were below year-earlier levels, Amana's strong performance enabled Raytheon to top its 1973 results in this business area. Sales of Amana freezers and Radarange® microwave ovens were especially brisk.

Amana led the way in energy-conserving appliances and introduced two high-insulation energy-saving refrigerators in 1974. One, which features a partially automatic defrost, requires only the electricity required to light a 75-watt bulb. The other, a frost-free unit, uses only as much energy as a 100-watt bulb. Introduced for 1975 delivery were a new three-door refrigerator and a microwave oven with computerized control functions, as well as 1400- and 2000-watt sizes of commercial microwave ovens.

Amana's new line of room air conditioners includes 11 high-efficiency models that

deliver effective cooling on relatively low power inputs. Its central heating systems incorporate highly efficient heat pumps. And its electric/gas heating-and-cooling unit, which is based on the Raytheon-developed heat-transfer module, produces 7 to 10 per cent more usable heat than industry standards require.

Amana grew in 1974 against the downward tide in the appliance industry. Its work force is stable and investment for additional capacity continues.

Caloric also made a significant contribution in energy-conserving appliances with the introduction of the first automatic pilotless ignition system for its full line of self-cleaning gas ranges. Both the stove top and oven burners are ignited electrically. The conventional standing pilot is thus eliminated, reducing gas consumption as much as 30 per cent.

Although traditionally associated with gas cooking appliances, Caloric introduced a line of electric ranges in 1973. In 1974, Caloric expanded its offering with a total of 13 self-cleaning gas and electric models to strengthen its competitive position in the market. Caloric now has one of the fullest lines of ranges in the industry for either energy source.



(left)
Guidance control assemblies for Improved Hawk missiles are checked prior to electrical and other testing. The Improved Hawk air-defense system features solid-state electronics, digital technology, an improved missile, and quick-start capability.

(right)
The Raytheon-developed Sparrow air-to-air missile is test-fired from a U.S. Air Force F-15 fighter aircraft. Sparrow is primary defensive armament for the F-15 and for the Navy's F-14 tactical aircraft.



Electronics

	Net Sales	Income before Taxes
1974	\$1,072,500,000	\$46,300,000
1973	\$ 940,800,000	\$42,200,000

Government Systems

In 1974, Raytheon received substantial new orders of the Improved Hawk air-defense system for the U.S. Army and Marine Corps. Two major new production programs for NATO countries also helped lead the way to an excellent year in government electronics business. An Improved Hawk contract for over \$700 million with a six-nation European consortium was won early in the year. About 60 per cent of the contract is to be handled by Raytheon and the rest by European firms. There was also over \$150 million in orders for NATO Seasparrow. The NATO Seasparrow, a naval air-defense system, will be supplied to the U.S. and five other nations under a cooperative production effort. These programs, with foreign orders for Improved Hawk and with increasing production

orders in other high-priority defense programs, brought the backlog in defense business, both U.S. and international, to a record high of over \$1.2 billion at year's end.

The company's single most important program is Improved Hawk. During the year, the productive capacity of the Andover plant doubled in Improved Hawk production. Additional U.S. Army battalions were activated. International shipments were initiated.

Raytheon continued development work on SAM-D, the U.S. Army's surface-to-air missile system expected to become the mainstay of U.S. air defense in the 1980's. During the summer, SAM-D passed an important milestone with the completion of a highly successful ten-missile, control-test-vehicle firing program.

A series of 16 proof-of-principle firing tests is scheduled to be completed early in 1976 to evaluate the track-via-missile guidance system. Upon successful completion of these tests, the final engineering development phase of the SAM-D program is expected to begin.



(above)
Portion of Cobra Dane radar antenna is assembled for testing. Plate-like structures are phased-array transmitting and receiving elements. They provide electronic scanning from a stationary platform instead of a rotating antenna.

(right)
U.S. naval officer and technician check the radar director of the NATO Seasparrow surface-missile system aboard the USS Downes. The director's twin radars track and illuminate targets.



Tartar-D shipboard fire-control systems, for which Raytheon is the primary manufacturer, are now deployed aboard more than 100 ships of both U.S. and foreign fleets. The next generation missile ship fire-control system, Aegis, moved into its at-sea evaluation test phase in 1974. Raytheon is developing an illuminator and transmitter for the Aegis phased array radar system. At year's end, a new model of Raytheon long-range air search radar, SPS-49, was being placed aboard the *USS Dale* for operational evaluation and use in the Navy's new FFG class frigates.

Raytheon is the producer of guidance electronics, including the computer, for the U.S. Navy's Poseidon ballistic missile system, production of which is entering its final phases. In addition, the company is well into development of guidance electronics for Poseidon's successor, Trident. Contracts for developmental flight systems have been received.

At Grand Forks, N.D., Raytheon's Missile Site Radar met its equipment-readiness date. This sensitive tactical-discrimination radar is a part of the Safeguard ballistic missile system, which will become operational in 1975.

Work on Cobra Dane, the large phased-array tracking radar Raytheon is constructing for the U.S. Air Force at Shemya, Alaska, proceeded on schedule in 1974. The building to house the radar was erected and closed in before the start of the Arctic winter. Completion of this intelligence monitoring radar is planned for mid-1976.

A hostile weapons locator system development contract for the U.S. Marine Corps began this year. The objective of the program is to provide tactical ground forces with a significantly upgraded capability to precisely pinpoint active mortar and heavy artillery emplacements.

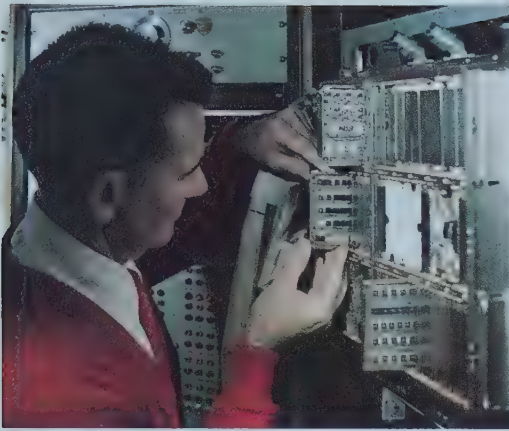
In the field of electronic systems for aircraft landing safety, Raytheon continues to play a leadership role in both military and civil aviation.

Production of the first ten AN/TPN-19 tactical landing systems for the U.S. Air Force proceeded in 1974, with first deliveries due in 1975. Additional systems are expected to be ordered this year. Meanwhile, Raytheon has under development a high-performance, less mobile, precision-approach radar that has sales potential both domestically and overseas.

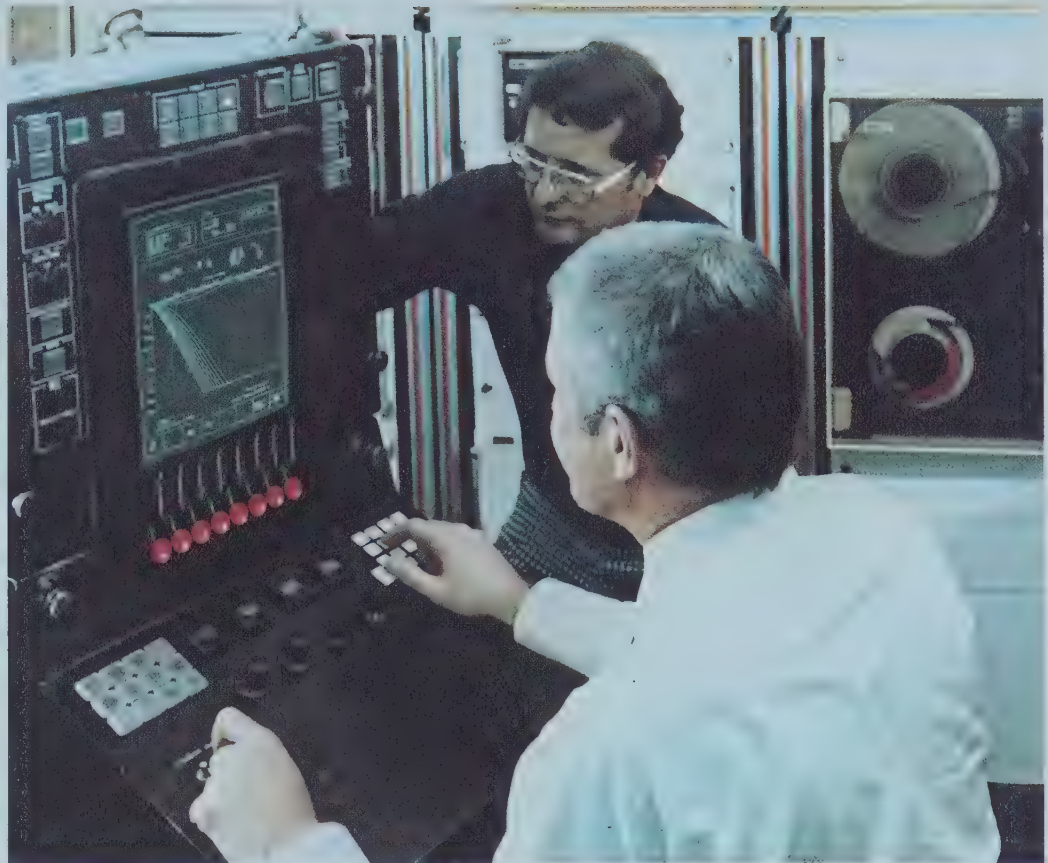
Production and installation of advanced computer display equipment for the Federal Aviation Administration's enroute air-traffic control centers were completed during the year. By year end, 16 of the 20 centers were fully operational, with the remainder scheduled to become operational in early 1975. Raytheon is now working on several improvements and additions to expand the capability of the FAA system. Growing international interest in display and processing elements of this system has led to orders from Japan and South Africa.

In the increasingly important area of electronic countermeasures, the U.S. Navy's EA6B jamming aircraft continues to rely on the Raytheon-developed AN/ALQ-99 high-powered, noise-jamming system. Late in 1974, Grumman Aerospace Corp. and Raytheon were selected for the development of similar equipment to be installed aboard the latest U.S. Air Force EF-111A electronic countermeasures aircraft.

The company is also working under a competitive research and development contract for a potentially large production program which will supply electronic countermeasures systems to our surface navy. A prototype is scheduled for testing



(above)
 Modules are inserted in a guidance computer being developed for the Trident fleet ballistic missile. Raytheon's industrial support role with M.I.T. in missile-guidance development began on the earlier Polaris and Poseidon systems.
(right)
 Company engineers work at the console of Raytheon's new multi-purpose system specifically designed to extend the sonar capabilities of the U.S. Navy's nuclear submarines. In 1974, the system was successfully evaluated.



late in 1975. These systems utilize Raytheon's proprietary multi-beam lens array technology.

In the area of both submarine and surface ship sonar, Raytheon maintained its strong position in 1974. Work continued on the lightweight, all-digital, computer-controlled AN/SQS-56 (formerly the DE-1160) for the U.S. Navy's new guided missile frigates. Sea tests are to be completed early in 1975, after which it is expected that production will begin. Meanwhile, modified versions have already been ordered by the Spanish Navy and negotiations are underway for additional international orders.

Two sonar systems — one a multi-purpose subsystem for nuclear submarines and another a special training system for sonar and fire-control operators — were completed and began evaluation this year. Production contracts will be sought during 1975.

Although there are continuing pressures to decrease the U.S. defense budget and there has been a reduction in spending for new engineering starts and advanced development programs, Raytheon is fortunate in having a number of high-priority projects

in production. The U.S. Army's Improved Hawk air-defense system — now a free world standard, the advanced air-to-air missile, Sparrow AIM-7F — to be deployed on the newest tactical aircraft, the TPN-19 Air Force landing system, and the NATO Seasparrow for both U.S. and foreign fleets are but a few such programs which will be maintained as essential elements of land, sea, and air forces over the next few years.

Much of the advanced technology developed for government systems is being used in products and systems for private and public applications. Aerial photo analysis techniques, for instance, developed by the Autometric operation of Equipment Division are now being utilized for state and municipal mapping as well as geophysical searches. And, research in toric optics has led to experimental work in the initiation of nuclear fusion. The company's expanding search for new and diverse applications of advanced technology plays an important part in Raytheon's continuing research and development programs.





(left)

At the London headquarters of Thomson Holidays, Ltd., one of the world's largest travel agencies, the Raytheon PTS-100 program-mable terminal speeds travel arrangements for vacationers and tourists. Thomson is making a companywide switch from manual operation to the modern electronic system.



(above)

At Boston City Hospital, Raytheon's Cameray™ nuclear gamma camera scans body organs, quickly producing images physicians can use to detect abnormalities.

(left)

Raytheon-built equipment in the University of Rochester's Laboratory for Laser Energetics includes this laser amplifier. The lab is exploring the potential of lasers to produce controlled thermonuclear fusion for generating electricity.

Commercial Electronics

Sluggishness in the 1974 economy interrupted growth in certain segments of the commercial electronics business. Nevertheless, Raytheon posted gains in several key areas.

Raytheon Data Systems, for example, succeeded in moving its PTS-100 program-mable terminal system into a number of promising new markets.

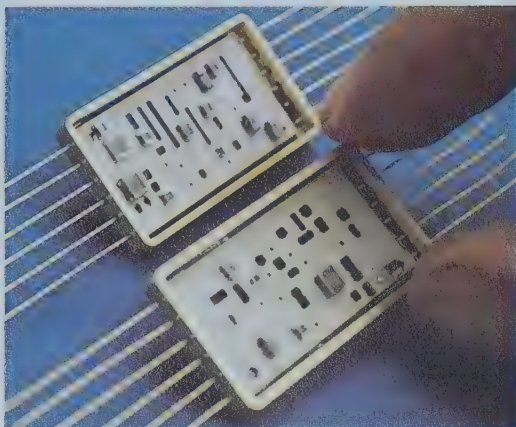
The range of 1974 customers for the PTS-100 included 17 additional foreign and domestic airlines, the largest U.S. bank, two insurance companies, a major travel agency and New York City's police department. In addition, RDS signed an agreement late in the year with Bell Canada to supply terminals to a consortium of eight telephone companies for their own use and for lease to customers throughout Canada. The value of terminals covered by this arrangement is estimated at \$7.5 million.

Production began on two new products during the year. The Apollo array transform processor was successfully introduced to the seismic industry for increasing speed and capacity in geophysical analysis. Pro-

duction deliveries of the new RDS-80 digital radio to eight major telephone companies also began in 1974.

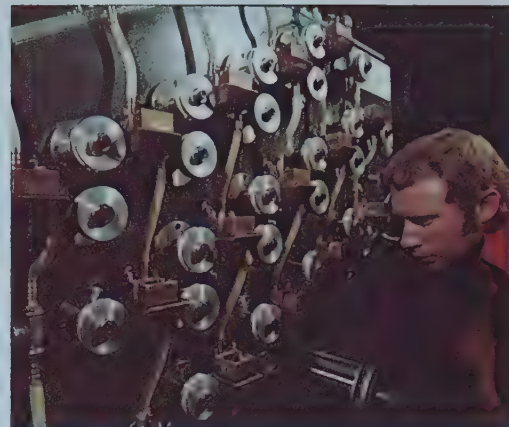
The semiconductor industry in general experienced major overcapacity problems in 1974. Demand for its products slowed in the second quarter and the momentum of 1973 was never regained. Raytheon reacted by reducing excess capacity and scaling its business to a lower level. One of the least affected segments of the market has been the high-reliability, hermetically sealed integrated circuits where Raytheon continues to have a strong capability. Government programs, including Improved Hawk, continue as good customers. However, the overall semiconductor market will, in all likelihood, continue to be soft through most of 1975.

One segment of the market for microwave tubes which continues to expand is for microwave ovens. Raytheon, the major U.S. supplier of tubes for such ovens, plans to expand production in 1975 to meet market demand.



(above)
Typical Raytheon-produced hybrid circuits include this amplifier (top) and oscillator for use in heart pacemakers. The miniaturized electronic devices make possible the manufacture of pacemakers as small as a pocket lighter and weighing less than five ounces.

(right)
Sterling Cable technician checks production of copper braid that forms the coaxial conductor of a radio-frequency cable. Finished cable is in the foreground.



(above)
Lacroix & Kress has developed special machinery to make fine and ultra-fine copper wire. Product is drawn to the required diameter through successively smaller dies. Finished wire, such as that wound around spool at bottom right, is often finer than human hair.

To enhance its position as a supplier of traveling-wave tubes (TWTs) for electronic countermeasures equipment, the company has acquired additional tooling and designs for its TWT product line. Such additions will be consolidated with Raytheon's line beginning in 1975.

Machlett Laboratories introduced its "System 70" control equipment to the X-ray instrument market. In addition to a high-power, rotating-anode X-ray tube, the system includes a tube housing, heat exchanger and temperature sensor. The package enables users to X-ray a larger number of patients without overheating the tube.

In the medical electronics market, Raytheon's Cameray™ nuclear camera became available in 1974. This sensitive diagnostic instrument sharply reduces the time needed to obtain images of internal organs. Special features include fast, push-button operation from a single control console and rapid patient positioning.

In a new market for the company, Raytheon received a contract from a consortium of eight major newspapers to develop and produce computerized display terminals for use in make up and composition of full

newspaper pages and newspaper display advertisements. This system will eliminate the tedious hand pasting and marking of newspaper layouts prior to typesetting and printing operations.

Sales of electronic navigational and communications equipment to operators of commercial vessels increased in 1974, but sales to owners of recreational boats slowed in the weakened economy. The new 4100 Mariners Pathfinder® radar for commercial ships of medium size became a part of the line near year's end. This new solid-state radar is receiving favorable response due to its reliability, sharp picture presentation and low-cost installation.

Raytheon subsidiaries headquartered in other countries also had mixed results, some operating in troubled 1974 economies.

In England, where a shortened work week was imposed on industry for part of the year, Sterling Cable was still able to post a good sales increase. Sterling sold a larger share of its production into more profitable export markets and built its order backlog to an all-time high.



(above)

A doppler speed log is being developed for the commercial marine market. A sonar-based system, it will digitally log a vessel's precise speed relative to the ocean bottom and depth of water beneath the keel.

(left)

Thyristor wafer produced by Transistor A.G. is checked to assure its quality. Magnified many times for inspection, wafers are later cut into chips, which appear as squares in the picture.

Late in the year, agreement was reached for the cash purchase of Greengate Cables of Manchester, England. Greengate, with annual sales exceeding \$10 million, is principally a manufacturer of welding cable and power cables in small and medium sizes. Its product line complements that of Sterling Cable. The acquisition is expected to be completed in March 1975.

In West Germany, Lacroix & Kress increased its sales of fine magnet wire and the company had a good operating year. The company's new products include magnet wire with exceptionally tight tolerances. A new building completed during the year will be equipped progressively with enameling machines as the market needs dictate.

Cossor Electronics' orders for such products as radar systems, computer peripherals, and test instruments rose during the year although operations were a disappointment. The company entered 1975 with an increased backlog.

In Switzerland, Transistor AG added new facilities to make power semiconductors at reduced cost and with improved quality control. The worldwide decrease of semiconductor demand also had an effect on Transistor AG, and scaling down of the business to the new realities was in process at the end of 1974.

Raytheon Canada won key contracts in Canada, including additional ground stations for the Canadian satellite-communications program and microwave telecommunications stretching from Montreal to Vancouver. In export business, Raytheon Canada obtained new contracts for aircraft navigational equipment for use in Indonesia and a large new type airport radar to be installed in Malaysia.



(left)

Inclined screens built by Iowa Manufacturing Company sift crushed rock in a typical limestone quarry. Aggregates are separated by size for roadbuilding and other uses. Extremely fine product is sold as agricultural lime.



(above)

Conspicuous on the mast of a Swedish ship are the antennas of two Raytheon radars installed by Raytheon Service Company of Copenhagen. More than 3000 merchant ships, worldwide, carry Raytheon electronic navigational aids sold and serviced by this office.

(left)

The popularity of Heath's PSSC Physics program for high school use continued through 1974, and plans were made to produce a fourth edition.

Other Lines

	Net Sales	Income before Taxes
1974	\$139,000,000	\$12,200,000
1973	\$129,600,000	\$12,100,000

In its third year as a subsidiary of Raytheon, Iowa Manufacturing, a major producer of road-paving and construction equipment, made another strong showing. Sales exceeded the 1973 level by 10 per cent and earnings were up over 18 per cent.

Although the pace of road construction slowed domestically, it accelerated abroad. Overseas sales of the company's Cedarapids™ road-building machinery increased by about one-third and helped create a substantial order backlog. Continuing need for equipment to resurface existing roads also helped sustain demand.

Iowa extended its line of both batch- and drum-type asphalt mixers. A new special impact mill to reduce lump coal for further processing is finding good acceptance in new markets spawned by the energy shortage.

Expanding on work begun in 1973 with the City of Lowell (Mass.), Raytheon Service Company (RSC) is negotiating to design and build a \$25 million resource-recovery plant for Monroe County, N.Y. The long-term program would result in the capability of processing 2000 tons of municipal waste daily and recovering from it as much as 1900 tons of usable materials.

In addition to increasing its main business of providing field support for military equipment and systems, RSC won significant new contracts for computer maintenance service from the U.S. Army, U.S. Steel, Air France, KLM, and Allegheny Airlines. Such service is provided through RSC's international network of more than 100 service centers.

In marine electronics services, RSC added programs to provide communications and navigation packages for use in tankers and bulk-ore carriers. Eight tankers were instru-

mented in 1974. Meanwhile efforts continue in the instrumentation of scientific vessels. Negotiations have been completed to outfit a second research vessel for the Argentine Navy.

D.C. Heath and Company, Raytheon's publishing division, relied on new texts and intensified selling efforts to maintain position in a relatively flat publishing market.

Heath's school division published a complete revision of its elementary mathematics program, an entirely new program for teaching French in high schools, and three major language-arts programs.

Lexington Books, another Heath division, is expanding into technical publishing. Originally a publisher of monographs in applied social sciences, the division will produce books on engineering, resource management, and operations research.

Caedmon Records, a major producer of spoken-word recordings, had its best year to date.

Worldwide Consolidated Net Sales in 1974 were a record \$1.929 billion. This represented an increase of 21% or \$338 million over the \$1.591 billion sales in 1973. Increased sales were stimulated by the worldwide energy shortage, requirements for improved air defense systems by the United States and foreign governments, and continuing consumer demand in the Company's appliance lines.

The 1973 sales increase of \$126 million over the 1972 level was mainly attributable to growth in electronics and a strong sales performance in appliances partially offset by a decline in sales in energy services primarily due to a down period in chemical and petrochemical plant construction.

U.S. Government end use sales in 1974 increased to \$791 million from \$769 million in 1973 while the ratio to total sales dropped to 41% from 48%. Sales to customers outside the United States in 1974 increased to \$517 million from \$318 million in 1973 or a growth to 27% from 20% of total sales.

Operating Costs, which includes cost of sales, selling and administrative expenses and research and development expenses, decreased as a percent of sales from 95.0% in 1972 to 94.6% in 1973 and 94.5% in 1974.

Interest Expense, Less Interest Income, showed a 41% reduction in 1974 from 1973. The long-term contract businesses are made up of a variety of contracts, some of which provide for advance payments to cover long-lead procurements. Some of these funds are temporarily placed in short-term investments yielding interest income. As a result, interest expense, net of interest income has declined to .2% of sales in 1974 from .4% in 1973 and 1972.

Other (Income) Expense-Net showed an income reduction from the 1973 level of \$6.1 million to \$2.2 million in 1974. This was principally due to a loss in 1974 from revaluation of foreign currencies, while a gain was reported in 1973.

Federal and Foreign Income Taxes increased in 1974 to \$46.1 million from \$39.4 million in 1973 and \$32.5 million in 1972. However, this expense decreased as a percent of income before taxes to 44.4% in 1974 from 46.0% in 1973 primarily as a result of increased investment tax credit and an increased volume of export shipments receiving DISC (Domestic International Sales Corporation) tax benefit.

Net Income reached a record level of \$57.8 million in 1974 compared with \$46.2 million in 1973, principally because of increased sales volume. The 1974 return on sales of 3.0% compared favorably with the 2.9% return on sales in 1973. This improvement resulted from the lower effective rate for federal income taxes, reduced ratios of operating costs and interest expense partially offset by the loss from revaluation of foreign currencies.

Foreign Subsidiary Operations showed an increase of 42.2% in sales from \$238.9 million in 1973 to \$339.7 million in 1974. However, net income decreased by 48.6% from \$7.2 million in 1973 to \$3.7 million in 1974. This decrease was due principally to inflationary cost increases in two major European refinery projects. The company is requesting relief from these cost increases.

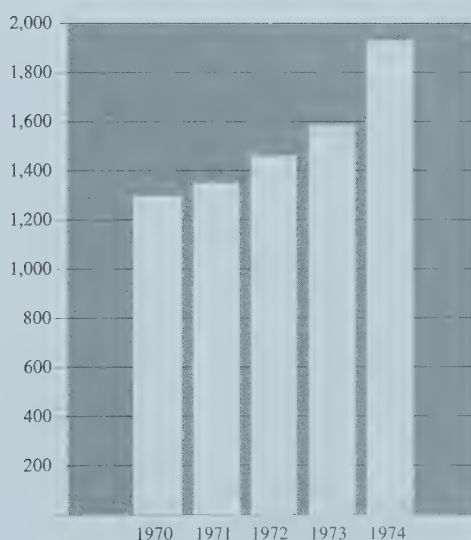
Earnings Per Common Share increased 27% to \$3.85 in 1974 from \$3.03 per share in 1973. Earnings per common share were calculated on the basis of 15,001,560 average shares outstanding in 1974, and 15,217,912 average shares outstanding in 1973.

Dividends of \$11.6 million payable quarterly in cash were declared during 1974. The annual dividend rate was increased from \$.70 to \$.80 per share effective with the dividend declared on June 26, 1974. The dividends declared in 1974 equalled approximately 20% of consolidated net income. On a quarterly basis, cash dividends declared during the past two years rose from \$.15 per share in the first quarter of 1973 to \$.175 in ensuing quarters through the first quarter of 1974 and thereafter increased to \$.20 per quarter through the balance of 1974.

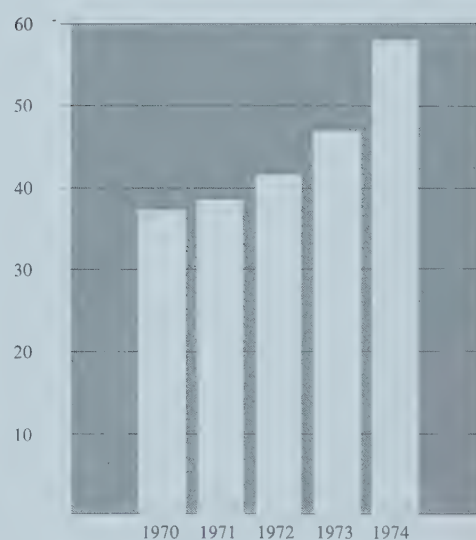
Common Shares Outstanding increased by approximately 43,000 during the year, representing purchases by key employees under the provisions of the Company Stock Option Plan.

Total Stockholders' Equity increased by \$47.1 million to \$403.2 million. The increase was attributable to earnings of \$57.8 million and the exercise of employee stock options of \$.9 million offset by dividends of \$11.6 million. The year end book value per outstanding common share increased 12.9% from \$23.79 in 1973 to \$26.85 in 1974. Return on average stockholders' equity increased to 15.2% in 1974 from 13.4% in 1973.

Sales (millions of dollars)



Operating Income (millions of dollars)*

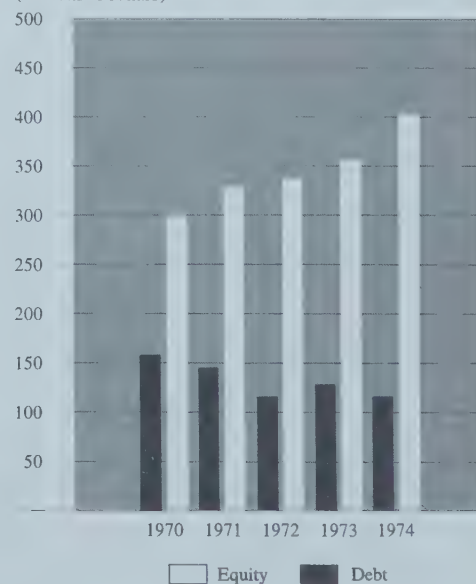


Earnings per Share*



*after Taxes and before Extraordinary Items

Stockholders' Equity and Total Debt (millions of dollars)



Debt decreased \$12.6 million from \$128.2 million at the end of 1973 to \$115.6 million at December 31, 1974. The debt to equity ratio declined from .36 in 1973 to .29 in 1974. The company continues to maintain domestic short-term credit lines of \$70 million which were unused at year end.

Backlog of the company at the end of 1974 was \$2.647 billion, an 86.3% increase over the \$1.421 billion backlog at year-end 1973. Funded U.S. Government backlog decreased by 1.3% from \$653.3 million at the end of 1973 to \$644.6 million at December 31, 1974.

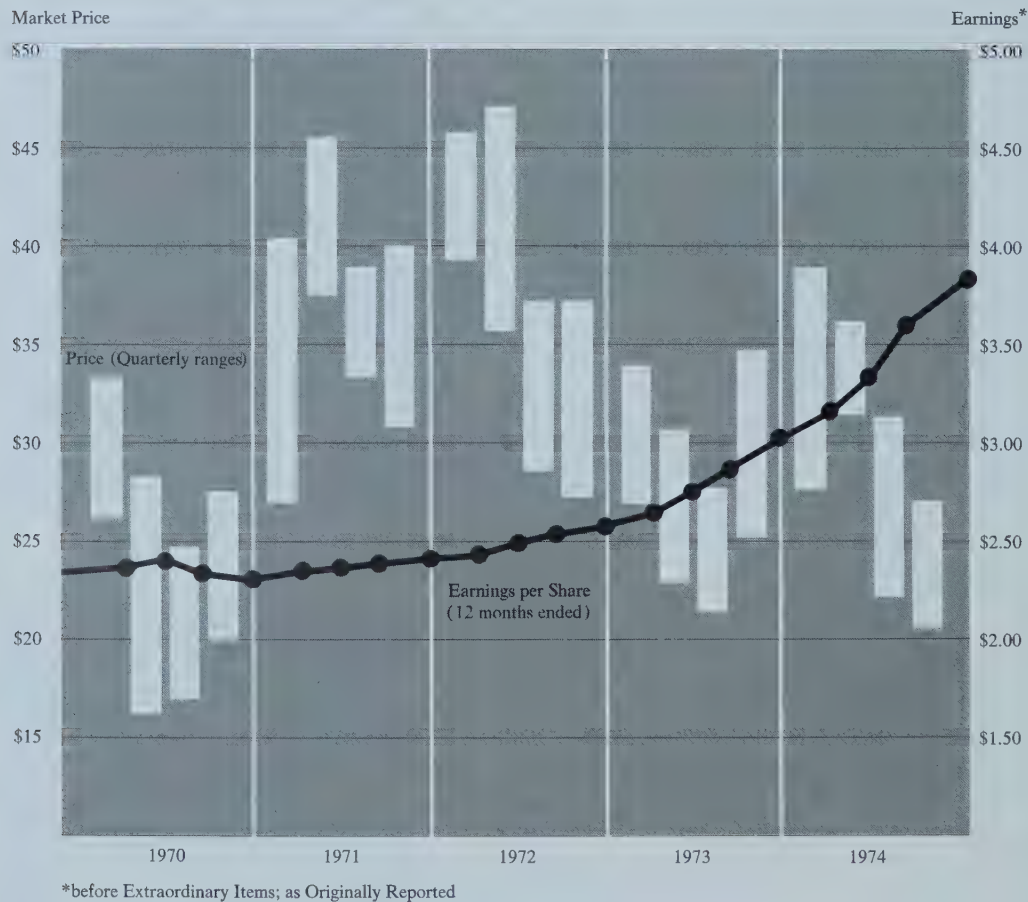
Total Employment increased during 1974 to 54,410 from 51,081 while wages and salaries paid were \$668.4 million in 1974 compared with \$586.9 million in 1973. Improvements in compensation and benefit plans were made for employees on all pay-

rolls and agreements with seven labor unions were negotiated. One strike of twelve days duration affected five hundred Machlett employees.

Plant and Equipment (Net) increased by \$38.2 million in 1974. The growth was attributable to capital expenditures of \$72.8 million, reclassifications of \$3.2 million of other assets to plant and equipment, partially offset by depreciation of \$36.7 million and disposals of \$1.1 million.

Pension expense charged to operations in 1974 for all plans was \$13.9 million compared with \$12.2 million in 1973. The company charges all current costs of pensions to operations as well as regular planned amounts for prior service where such liability exists. Pension funds of all plans affecting the United States and Canadian companies are managed by independent trustees.

Market Price and Earnings per Share



Common Stock Prices

The table at right indicates the quarterly high and low prices on the New York Stock Exchange for Raytheon shares for the past two years.

Quarter:	1974		1973	
	High	Low	High	Low
First	\$39	\$27¾	\$34	\$27
Second	36¼	31½	30¾	23
Third	31¾	22	27¾	21½
Fourth	27½	20½	34¾	25¼

Summary of Operations

(Dollars in Millions)

	Year Ended December 31,				
	1974	1973	1972	1971	1970
Net sales	\$1,928.9	\$1,590.5	\$1,465.0	\$1,347.1	\$1,298.4
Cost of sales	1, 616.4	1,322.3	1,234.0	1,119.1	1,078.8
Administrative and selling expenses	165.5	147.0	127.0	125.4	117.1
Research and development expenses	41.6	35.4	30.6	32.5	28.2
Total operating expenses	1,823.5	1,504.7	1,391.6	1,277.0	1,224.1
Interest expense, less interest income	3.7	6.3	5.5	6.3	8.2
Other (income) expense – net	(2.2)	(6.1)	(5.7)	(6.7)	(4.1)
	<u>1,825.0</u>	<u>1,504.9</u>	<u>1,391.4</u>	<u>1,276.6</u>	<u>1,228.2</u>
	103.9	85.6	73.6	70.5	70.2
Federal and foreign income taxes	<u>46.1</u>	<u>39.4</u>	<u>32.5</u>	<u>32.1</u>	<u>33.2</u>
Income before extraordinary items	57.8	46.2	41.1	38.4	37.0
Extraordinary items	<u>—</u>	<u>—</u>	<u>(3.2)</u>	<u>—</u>	<u>(3.4)</u>
Net income	<u>\$ 57.8</u>	<u>\$ 46.2</u>	<u>\$ 37.9</u>	<u>\$ 38.4</u>	<u>\$ 33.6</u>
Earnings per common share					
Outstanding shares:					
Income before extraordinary items	\$3.85	\$3.03	\$2.59	\$2.48	\$2.34
Net income	\$3.85	\$3.03	\$2.38	\$2.48	\$2.11
Fully diluted – assumes conversion of preferred stock and exercise of dilutive stock options:					
Income before extraordinary items	\$3.84	\$3.02	\$2.58	\$2.37	\$2.24
Net income	\$3.84	\$3.02	\$2.37	\$2.37	\$2.03
Cash dividends declared per common share . . .	\$.775	\$.675	\$.60	\$.60	\$.60

Sales and Income by Business Lines

(Dollars in Millions)

	Year Ended December 31,				
	1974	1973	1972	1971	1970
Net sales					
Electronics	\$1,072.5	\$ 940.8	\$ 818.9	\$ 748.9	\$ 784.5
Energy services	507.0	332.2	364.9	345.9	287.0
Major appliances	210.4	187.9	156.2	126.8	107.4
Other lines	<u>139.0</u>	<u>129.6</u>	<u>125.0</u>	<u>125.5</u>	<u>119.5</u>
Total	<u>\$1,928.9</u>	<u>\$1,590.5</u>	<u>\$1,465.0</u>	<u>\$1,347.1</u>	<u>\$1,298.4</u>
Income before taxes and extraordinary items					
Electronics	\$ 46.3	\$42.2	\$40.3	\$33.9	\$42.3
Energy services	30.1	17.0	10.7	15.0	10.0
Major appliances	15.3	14.3	11.9	8.8	7.0
Other lines	<u>12.2</u>	<u>12.1</u>	<u>10.7</u>	<u>12.8</u>	<u>10.9</u>
Total	<u>\$103.9</u>	<u>\$85.6</u>	<u>\$73.6</u>	<u>\$70.5</u>	<u>\$70.2</u>

Balance Sheets

Assets

	December 31,	
	1974	1973
Current assets		
Cash	\$ 12,855,302	\$ 10,272,285
Short-term investments, at cost plus accrued interest (approximates market)	50,370,285	12,133,690
Accounts receivable, less allowance for doubtful accounts: 1974 – \$5,523,153; 1973 – \$4,229,706	165,313,627	140,974,904
Contracts in process (<i>notes A and B</i>)	225,503,104	175,551,837
Inventories (<i>notes A and C</i>)	232,092,608	167,678,052
Prepaid expenses	6,496,651	6,157,454
Total current assets	692,631,577	512,768,222
Long-term receivables (<i>note D</i>)	17,008,813	20,883,111
Investments (<i>note A</i>)		
Affiliated companies	2,770,498	2,557,220
Other	2,617,570	2,637,107
Property, plant and equipment, net (<i>notes A and E</i>)	186,742,789	148,579,861
Deferred charges and other assets	15,990,053	18,376,691
	<u>\$917,761,300</u>	<u>\$705,802,212</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Stockholders' Equity

	December 31,	
	1974	1973
Current liabilities		
Notes payable (<i>note F</i>)		
Banks, principally foreign	\$ 27,588,426	\$ 37,292,726
Other	253,125	3,737,068
Current portion of long-term debt (<i>note G</i>)	3,740,309	3,208,710
Advance payments, less contracts in process:		
1974 – \$208,680,156; 1973 – \$139,438,147	185,158,971	18,249,364
Accounts payable	103,449,310	87,610,837
Accrued salaries, wages and commissions	46,543,009	39,330,589
Federal and foreign income taxes (<i>notes A and H</i>)	19,067,178	21,599,607
Other accrued expenses	44,739,107	54,632,652
Total current liabilities	430,539,435	265,661,553
Long-term debt (<i>note G</i>)	84,016,312	84,002,631
Commitments and contingent liabilities (<i>note I</i>)		
Stockholders' equity		
Common stock, par value \$2.50 per share		
Authorized 30,000,000 shares		
Outstanding: 1974 – 15,014,705 shares; 1973 –		
14,971,613 shares (after deducting shares in treasury:		
1974 – 2,186,502 shares; 1973 – 2,229,594 shares)		
(<i>notes J and K</i>)	37,536,762	37,429,033
Capital in excess of par value (<i>note L</i>)	65,218,625	64,376,917
Earnings reinvested in the business (<i>note G</i>)	300,450,166	254,332,078
Total stockholders' equity	403,205,553	356,138,028
	<u>\$917,761,300</u>	<u>\$705,802,212</u>

Statements of Income and Earnings Reinvested in the Business

	Year Ended December 31,	
	1974	1973
Net sales (note A)	\$1,928,854,809	\$1,590,460,804
Cost of sales	1,616,441,307	1,322,302,347
Administrative and selling expenses	165,470,472	146,960,617
Research and development expenses (note A)	41,594,625	35,453,214
Interest expense, less interest income: 1974 – \$10,299,271; 1973 – \$4,580,700	3,700,148	6,266,163
Other (income) expense – net	(2,231,758)	(6,119,640)
	<u>1,824,974,794</u>	<u>1,504,862,701</u>
	103,880,015	85,598,103
Federal and foreign income taxes (notes A and H)	<u>46,129,000</u>	<u>39,436,000</u>
Net income	57,751,015	46,162,103
Earnings reinvested in the business at beginning of period	<u>254,332,078</u>	<u>230,858,893</u>
	<u>312,083,093</u>	<u>277,020,996</u>
Dividends declared Common: 1974 – \$.775 per share; 1973 – \$.675 per share	11,632,927	10,199,408
Excess of cost over the par value of reacquired common shares less amount allocated to capital in excess of par value	<u>—</u>	<u>12,489,510</u>
	<u>11,632,927</u>	<u>22,688,918</u>
Earnings reinvested in the business at end of period	<u>\$ 300,450,166</u>	<u>\$ 254,332,078</u>
Earnings per common share (note A)	<u>\$3.85</u>	<u>\$3.03</u>

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Financial Position

	Year Ended December 31,	
	1974	1973
Resources provided		
Net income	\$ 57,751,015	\$46,162,103
Depreciation and amortization of property, plant and equipment	36,692,518	29,839,408
Working capital provided from operations	94,443,533	76,001,511
Decrease in long-term receivables	3,874,298	3,568,682
Disposal of property, plant and equipment	1,170,976	2,370,550
Issuance of common stock under option plans	949,437	601,118
Increase in long-term debt	13,681	1,478,890
Total resources provided	100,451,925	84,020,751
Resources applied		
Additions to property, plant and equipment	72,840,943	41,024,365
Dividends declared	11,632,927	10,199,408
Increase (decrease) in deferred charges and other assets	798,841	(1,725,026)
Reclassification		
To property, plant and equipment	3,185,479	
From deferred charges and other assets	(3,185,479)	
Increase (decrease) in investments	193,741	(2,907,694)
Common shares reacquired		16,438,960
Acquired company, at date of acquisition		
Working capital		1,403,066
Property, plant and equipment		3,585,058
Deferred charges and other assets		2,476,358
Excess cost over net assets acquired		4,502,386
Long-term debt		(629,233)
Total resources applied	85,466,452	74,367,648
Increase in working capital	\$ 14,985,473	\$ 9,653,103
Analysis of changes in working capital		
Increase (decrease) in current assets		
Cash	\$ 2,583,017	\$ (4,463,556)
Short-term investments	38,236,595	(531,531)
Accounts receivable	24,338,723	18,192,365
Contracts in process	49,951,267	11,770,149
Inventories	64,414,556	33,404,996
Prepaid expenses	339,197	1,521,297
Decrease (increase) in current liabilities		
Short-term debt	12,656,644	(10,091,488)
Advance payments	(166,909,607)	6,877,431
Accounts payable	(15,838,473)	(22,776,293)
Accrued salaries, wages and commissions	(7,212,420)	(5,949,457)
Federal and foreign income taxes	2,532,429	(11,146,166)
Other accrued expenses	9,893,545	(7,154,644)
Increase in working capital	\$ 14,985,473	\$ 9,653,103

The accompanying notes are an integral part of the financial statements.

Note A: Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the parent company and all domestic and foreign subsidiaries. Certain subsidiaries are included on the basis of years ending in November.

Contracts in Process

Sales under long-term contracts are recorded under the percentage of completion method wherein costs and estimated gross margin are recorded as sales as the work is performed. Costs include direct engineering and manufacturing costs, applicable overheads and special tooling and test equipment. Estimated gross margin provides for the recovery of allocable research, development, marketing (including bid proposal) and administration costs and for accrued income. Accrued income is based on that percentage of estimated total income that incurred costs to date bear to total estimated costs after giving effect to the most recent estimates of cost and funding at completion. On certain contracts, increased funding has been assumed based on expected adjustments of contract prices for increased scope and other changes ordered by the customer. Some contracts contain incentive provisions based upon performance in relation to established targets to which applicable recognition has been given in the contract estimates. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting earnings in the current period applicable to performance in prior periods. When the current contract estimate indicates a loss, provision is made for the total anticipated loss. In accordance with these practices, contracts in process are stated at cost plus estimated profit but not in excess of realizable value.

Inventories

Inventories are stated at cost (first-in, first-out or average basis) but not in excess of net realizable value.

Investments

Investments in affiliated companies represent ownership of 20% to 50% of such companies and are accounted for under the equity method. Accordingly, the company's share of their earnings and applicable income taxes related to the assumed distribution of such earnings are included in the accounts. Other investments which represent ownership of less than 20% are stated at cost.

Property, Plant and Equipment

Property, plant and equipment is stated at cost.

Provisions for depreciation are computed generally on the sum-of-the-years digits method, except for certain subsidiaries which use the straight-line or declining balance method. Depreciation provisions are based on estimated useful lives (buildings – 20 to 45 years; machinery and equipment – 3 to 18 years), which approximate U.S. Treasury guidelines. Leasehold improvements are amortized over the lesser of the life of the lease or the estimated useful life of the improvement.

Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized and charged to property, plant and equipment accounts. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in net income.

Federal and Foreign Income Taxes

The company and its domestic subsidiaries record provision for federal income taxes on pretax accounting income at rates in effect under existing tax law less investment tax credits (recorded on a flow-through basis) and other tax credits. Foreign subsidiaries have recorded provision for income taxes at applicable foreign tax rates in a similar manner. In addition, the company provides for federal and foreign taxes on undistributed earnings of foreign subsidiaries in excess of requirements for their future operations.

Research and Development Expenses

Research and development expenditures for company-sponsored projects are expensed as incurred.

Pension Costs

The company and its subsidiaries have several pension and retirement plans covering substantially all employees, including certain employees in foreign countries.

Annual charges to income are made for costs of the plans including current service costs and interest on and amortization of prior service costs over periods from ten to thirty years. It is the company's policy to fund pension costs accrued.

Translation of Foreign Currencies

Net assets of the foreign subsidiaries are translated into United States dollars at the applicable rates of exchange in effect at December 31 in each year, except that inventories and property, plant and equipment are translated at historical rates. Income accounts are translated at the year's average rates of exchange, except for depreciation and cost of sales which are translated at

the rates of the related assets. Exchange gains and losses are included in net income.

Earnings per Common Share

Earnings per common share are based upon the weighted average number of common shares outstanding during each year. Shares contingently issuable in connection with an acquisition agreement are anti-dilutive.

Note B: Contracts in Process

Contracts in process consist of the following at December 31 :

	1974			1973		
	Cost Type	Fixed Price Type	Total	Cost Type	Fixed Price Type	Total
U.S. Government end use contracts:						
Billed	\$ 8,871,354	\$ 10,778,658	\$ 19,650,012	\$11,341,523	\$ 12,050,028	\$ 23,391,551
Unbilled	9,557,541	405,911,466	415,469,007	17,233,635	293,781,385	311,015,020
Less progress payments	—	277,943,655	277,943,655	—	202,947,735	202,947,735
Total	18,428,895	138,746,469	157,175,364	28,575,158	102,883,678	131,458,836
Other customers:						
Billed	23,555,669	5,514,482	29,070,151	14,840,628	7,765,660	22,606,288
Unbilled	13,033,191	238,548,797	251,581,988	10,419,986	203,994,435	214,414,421
Less progress payments	—	212,324,399	212,324,399	—	192,927,708	192,927,708
Total	36,588,860	31,738,880	68,327,740	25,260,614	18,832,387	44,093,001
	<u>\$55,017,755</u>	<u>\$170,485,349</u>	<u>\$225,503,104</u>	<u>\$53,835,772</u>	<u>\$121,716,065</u>	<u>\$175,551,837</u>

The U.S. Government has a security title in unbilled contracts associated with those contracts which provide for progress payments.

Retentions arising principally from contractual provisions of U.S. Government contracts at December 31, 1974, amounted to \$5,347,709 which are anticipated to be collected as follows: 1975-\$3,524,000; 1976-\$1,480,000 and the balance thereafter.

Unbilled amounts include recoverable costs and gross margin recorded on the percentage of completion method. These amounts are recoverable from the customer upon shipment of the product, presentment of billings or completion of the contract. It is anticipated that substantially all of these unbilled amounts net of progress payments will be collected during 1975.

Note C: Inventories

Inventories consist of the following at December 31:

	1974	1973
Finished goods	\$ 68,991,129	\$ 48,580,253
Work in process	98,198,406	76,065,950
Materials and purchased parts	75,776,579	52,515,144
	<u>242,966,114</u>	<u>177,161,347</u>
Less progress payments	10,873,506	9,483,295
	<u>\$232,092,608</u>	<u>\$167,678,052</u>

Note D: Long-term Receivables

Long-term receivables consist of the following at December 31, 1974:

Customers, due in installments to 1983, with interest principally in the range of 5½ % to 12 %	\$11,322,883
Others, principally due in 1979, with interest up to 7¼ %	5,685,930
	<u>\$17,008,813</u>

Note E: Property, Plant and Equipment

Property, plant and equipment consists of the following at December 31:

	1974	1973
Land	\$ 6,646,982	\$ 6,255,549
Buildings and leasehold improvements	108,439,204	102,260,595
Machinery and equipment	308,550,807	248,563,791
	<u>423,636,993</u>	<u>357,079,935</u>
Less accumulated depreciation and amortization	236,894,204	208,500,074
	<u>\$186,742,789</u>	<u>\$148,579,861</u>

Note F: Notes Payable

The company maintains domestic credit lines with a group of banks totaling \$70,000,000 which were unused from May 16, 1974. The credit lines provide for interest at the prime rate in effect at each bank. Compensating balance arrangements are of an informal nature, with the understanding that a balance will be maintained averaging 10% of the total lines of credit available plus an additional 10% of the average amount borrowed under such lines. The balances so maintained during 1974 were generated by float, thus resulting in no effective impact on the cost of borrowings or cash balance.

The company has a special financing arrangement with a bank to finance a foreign sales contract on which \$2,468,859 is outstanding at December 31, 1974.

Foreign subsidiaries maintain credit lines or commitments approximating \$38,000,000 of which \$25,372,692 was utilized at December 31, 1974. Compensating balance arrangements of such subsidiaries are not significant.

The maximum amount of short-term borrowings outstanding at any month-end during the year was \$44,200,000. The approximate average aggregate borrowings outstanding during the year were \$33,800,000. The approximate weighted average interest rate was 11.9%. Both averages were computed based upon each loan and the period during which it was outstanding. The weighted average interest rate in effect at year-end was 12.0%.

Note G: Long-term Debt

Long-term debt consists of the following at December 31, 1974:

8¼ % Sinking Fund Debentures, due 1996	\$50,000,000
5½ % notes payable \$1,000,000 semiannually with balance payable December 1, 1981	19,000,000
Foreign note payable in 1977, variable interest rate, 11 % at December 31, 1974	7,470,000
8 % foreign note payable in 1979	4,690,000
Other notes (including \$2,216,066 of mortgage notes), interest in the range of 2½ % to 12½ %, payable in installments, maturing at various dates from 1976 to 1989	6,596,621
	<u>87,756,621</u>
Less installments due in 1975	3,740,309
	<u>\$84,016,312</u>

The aggregate amounts of installments due in each of the succeeding four years are: 1976 – \$3,790,949; 1977 – \$10,579,416; 1978 – \$2,672,843; 1979 – \$7,143,969.

The indenture for the 8¼ % Sinking Fund Debentures provides that the company will make annual sinking fund payments of \$3,300,000 prior to July 1 in each of the years 1982 through 1995 and may at its option increase any sinking fund payment by an additional \$3,300,000 in each of said years. The Debentures may be redeemed at the option of the company, as a whole or in part, at any time, at prices decreasing from 106.59% of face value currently to 100% in 1991 and thereafter, except that until 1981, borrowed funds used for this purpose must bear a higher interest rate.

Under the agreement covering the 5½ % notes due through 1981, \$194,676,613 of earnings reinvested in the business at December 31, 1974, is unrestricted with respect to cash dividends on common stock.

Note H: Federal and Foreign Income Taxes

Income reported for federal and foreign tax purposes differs from pretax accounting income due to various requirements of internal revenue codes and the company's accounting practices. Timing differences are attributable principally to practices applied to long-term contracts, undistributed earnings of foreign subsidiaries, warranty reserves, depreciation, pension costs, compensation costs and inventory valuation adjustments. The net credit balance of deferred taxes included in the balance sheet caption "Federal and foreign income taxes" was estimated to be \$12,400,000 at December 31, 1974.

The provisions for federal and foreign income taxes consist of the following for the year ended December 31:

	1974	1973
Current income tax expense:		
Federal	\$37,209,000	\$36,396,000
Foreign	2,720,000	3,940,000
Deferred income tax expense	6,200,000	(900,000)
	<u>\$46,129,000</u>	<u>\$39,436,000</u>

The effective income tax rates for 1974 and 1973 were 44% and 46% respectively. The effective income taxes for 1974 and 1973 differ from the 48% U.S. statutory rate by reason principally of investment tax credits (\$2,561,000 and \$1,273,000 respectively) and reduced tax rates applicable to DISC income (\$2,899,000 and \$792,000 respectively). The deferred income tax expense in 1974 is attributable principally to timing differences in income recognition under long-term contracts (\$11,300,000) reduced by differences in depreciation (\$950,000), inventory valuation adjustments (\$2,420,000) and compensation costs (\$1,270,000).

The amount of undistributed earnings of subsidiaries at December 31, 1974, deemed necessary for their future operations, for which federal income and foreign withholding taxes have not been provided, was approximately \$15,800,000. This is exclusive of amounts which would result in little or no additional tax if distributed.

Note I: Commitments and Contingent Liabilities

At December 31, 1974, the company had commitments under long-term operating leases requiring approximate annual rentals on a net lease basis as follows: 1975 – \$14,729,000; 1976 – \$14,140,000; 1977 – \$11,102,000; 1978 – \$9,183,000; 1979 – \$8,124,000; 1980 through 1984 – \$37,519,000; 1985 through 1989 – \$34,117,000; 1990 through 1994 – \$26,058,000; thereafter – \$22,979,000. The commitments under long-term non-capitalized financing leases requiring approximate annual rentals on a net lease basis were as follows: 1975 – \$4,634,000; 1976 – \$4,232,000; 1977 – \$3,529,000; 1978 – \$3,244,000; 1979 – \$3,259,000; 1980 through 1984 – \$14,698,000; 1985 through 1989 – \$9,461,000; 1990 through 1994 – \$7,666,000; thereafter – \$3,106,000. The present value of non-capitalized financing lease commitments approximated \$28,573,000 for real estate and \$4,097,000 for equipment. The weighted average interest rate of 7.0% utilized in the calculation of present values is based upon the terms of the applicable leases and the interest rates inherent therein, which range from 5% to 8%. There would be no material impact upon net income if all non-capitalized financing leases were capitalized. Rental expense for 1974 and 1973, respectively, amounted to \$27,482,000 and \$25,771,000 including \$4,634,000 and \$4,917,000 for non-capitalized financing leases.

Proceedings with the United States Government under the Renegotiation Act of 1951 have been concluded for all years through 1970. In the opinion of management, renegotiation proceedings for the years 1971 through 1974 will have no significant effect on the financial statements.

Various claims, generally incidental to the conduct of normal business, are pending or threatened against the company from time to time. While ultimate liability, if any, is presently indeterminable, in the opinion of the management it should have no material adverse effect on the financial condition of the company.

Note J: Capital Stock

Changes during the year ended December 31, 1974, in common stock were as follows:

	Shares	Par Value
Balance at beginning of year	14,971,613	\$37,429,033
Issued upon exercise of stock options	43,092	107,729
Balance at end of year	<u>15,014,705</u>	<u>\$37,536,762</u>

At December 31, 1974, the following shares of common stock (including shares held in treasury) were reserved:

For stock options (note K)	772,004
For contingent issuance of shares in the acquisition of Caedmon Records, Inc.	<u>61,828</u>
	<u>833,832</u>

There were 3,000,000 shares of serial preferred stock without par value authorized and unissued at December 31, 1974.

Note K: Stock Options

During 1974, options to purchase 197,250 shares of common stock under the 1968 and 1973 Qualified Stock Option Plans were granted to officers and employees at prices equivalent to 100% of the fair market value on the date of grant. Options for 43,092 shares were exercised at prices ranging from \$17.81 to \$34.88 per share, and options for 98,864 shares expired.

At December 31, 1974, options to purchase 587,445 shares of common stock were outstanding at prices ranging from \$17.81 to \$43.44 of which options for 229,576 shares were exercisable. Outstanding options expire at various dates through December 26, 1979.

Note L: Capital in Excess of Par Value

Changes during the year ended December 31, 1974, in capital in excess of par value were as follows:

Balance at beginning of year	\$64,376,917
Excess of proceeds over the par value of common stock issued upon exercise of stock options	<u>841,708</u>
Balance at end of year	<u>\$65,218,625</u>

Note M: Pension Costs

Total pension expense charged to income was \$13,945,461 and \$12,154,708 in 1974 and 1973, respectively.

Unfunded prior service costs approximated \$69,043,000 at December 31, 1974, of which \$2,888,621 was accrued at that date. The amounts funded and accrued exceeded the actuarially computed value of vested benefits at December 31, 1974, for all plans except four, wherein excess vested benefits amounted to \$31,787,000.

The requirements of the 1974 Employee Retirement Income Security Act are expected in 1976 to increase the annual provision for pension expense and the unfunded vested benefits but have no effect on the method of funding of pension costs. These increases will be incorporated in the company's pricing structure, thus having minimal impact on net income.

Note N: Foreign Operations

The net assets, net sales and net income of foreign subsidiaries were:

	1974	1973
Net assets	\$ 44,521,124	\$ 43,353,429
Net sales	339,684,857	238,921,556
Net income	3,663,494	7,247,101

Consolidated net income in 1974 and 1973 includes net exchange losses of approximately \$1,772,000 and net exchange gains of approximately \$1,070,000, respectively. There are no significant restrictions which prohibit or restrict the repatriation of funds.

Note O: Subsequent Event

On February 26, 1975, the company announced an agreement in principle to acquire the common stock of I-T-E Imperial Corporation in exchange for shares of the company's common stock or for cash. The exact exchange ratio is based upon a formula related to the market value of the company's common stock during a future period. It is expected that 3,000,000 I-T-E shares will be purchased for cash of \$61,650,000 and that approximately 3,000,000 to 3,500,000 shares of Raytheon common stock will be issued for the remaining I-T-E shares. This transaction is subject to the completion of a definitive agreement, receipt of a favorable tax ruling, approval of the shareholders of both companies and other conditions. If consummated, the acquisition will be accounted for as a purchase.

Auditors Report

To the Board of Directors and Stockholders
Raytheon Company
Lexington, Massachusetts

We have examined the balance sheet of Raytheon Company and subsidiaries consolidated at December 31, 1974 and the related statements of income and earnings reinvested in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements for the year 1973.

In our opinion, the aforementioned financial statements present fairly the financial position of Raytheon Company and subsidiaries consolidated at December 31, 1974 and 1973, and the results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers + Lybrand

Boston, Massachusetts
January 22, 1975 (except for note O as
to which the date is February 26, 1975)

Raytheon Company's common shares are traded principally on the New York Stock Exchange.

Stock Transfer Agents

Morgan Guaranty Trust Company of New York
New York, New York 10007

Harris Trust and Savings Bank
Chicago, Illinois 60690

Bank of America NT & SA
San Francisco, California 94120

The First National Bank of Boston
Boston, Massachusetts 02110

Stock Registrars

Manufacturers Hanover Trust Company
New York, New York 10015

Continental Illinois National Bank
and Trust Company of Chicago
Chicago, Illinois 60690

United California Bank
San Francisco, California 94139

The National Shawmut Bank of Boston
Boston, Massachusetts 02109

The Annual Meeting of Stockholders will be held at 2 p.m. on May 28, 1975 at the Executive Offices of the company, Lexington, Massachusetts. Notice of the meeting and proxy material will be sent to stockholders in April.

This Annual Report is submitted for the general information of the stockholders of Raytheon Company and is not intended for use in connection with any sale or purchase of, or as an offer or solicitation of offers to buy or sell, any securities.

Statistical Summary
(Dollars in Thousands Except Per Share Statistics)

1974

Operating Results (as originally reported)

Net sales	\$ 1,928,855
Income before taxes	\$ 103,880
Income after taxes:	
– before extraordinary items	\$ 57,751
– after extraordinary items	\$ 57,751
Earnings per common share: (1)	
Outstandings shares – before extraordinary items	\$3.85
– after extraordinary items	\$3.85
Fully diluted – before extraordinary items	\$3.84
– after extraordinary items	\$3.84
Return on sales before extraordinary items	3.0%
Return on stockholders' equity before extraordinary items	15.2%

Operating Results (restated to include poolings of interests)

Net sales	\$ 1,928,855
Income before taxes	\$ 103,880
Income after taxes:	
– before extraordinary items	\$ 57,751
– after extraordinary items	\$ 57,751
Earnings per common share: (1)	
Outstanding shares – before extraordinary items	\$3.85
– after extraordinary items	\$3.85
Fully diluted – before extraordinary items	\$3.84
– after extraordinary items	\$3.84
Return on sales before extraordinary items	3.0%
Return on stockholders' equity before extraordinary items	15.2%

Financial Position at Year End (as originally reported)

Assets:		
Current	\$ 692,632	
Property, plant and equipment (net)	\$ 186,743	
Total (including other noncurrent)	\$ 917,761	
Working Capital:		
Net working capital	\$ 262,092	
Ratio of current assets to current liabilities	1.61	
Financial Structure:		
Total debt	\$ 115,598	
Common stockholders' equity	\$ 403,206	
Common stockholders' equity per share (2)	\$ 26.85	
Debt to equity ratio	.29	

General Statistics (as originally reported)

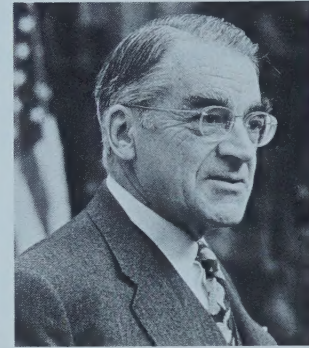
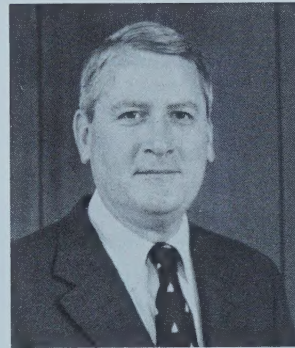
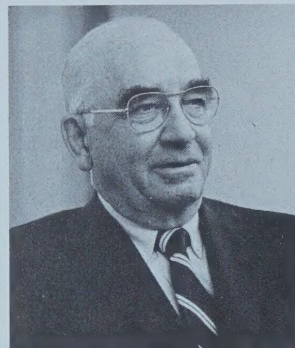
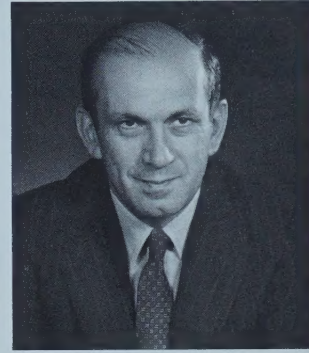
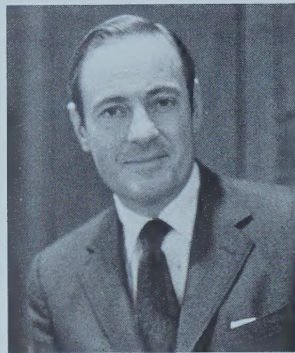
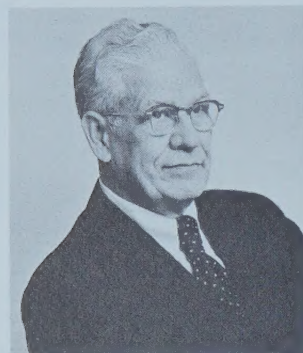
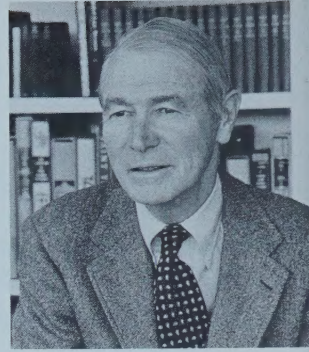
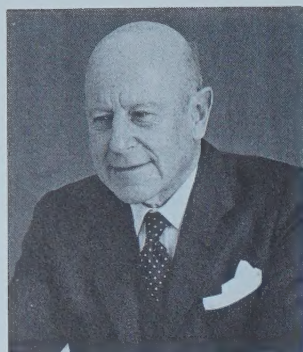
Total backlog	\$ 2,647,234
U.S. Government funded backlog included above	\$ 644,590
Number of employees	54,410
Research and development (company-sponsored)	\$ 41,595
Depreciation and amortization of property, plant and equipment	\$ 36,693
Capital expenditures for property, plant and equipment	\$ 72,841
Shares outstanding – common	15,014,705
– preferred	—

Notes:

(1) Earnings per share data: outstanding shares computed on average number of common shares with earnings reduced by preferred stock dividend requirements; fully diluted assumes conversion of preferred stock and exercise of dilutive stock options.

(2) Assuming full conversion of outstanding Series A preferred stock where applicable.

1973	1972	1971	1970	1969	1968	1967	1966
\$ 1,590,461	\$ 1,465,031	\$ 1,307,802	\$ 1,258,743	\$ 1,285,134	\$ 1,157,963	\$ 1,106,049	\$708,993
\$ 85,598	\$ 73,644	\$ 64,460	\$ 65,133	\$ 69,562	\$ 59,960	\$ 54,405	\$ 36,478
\$ 46,162	\$ 41,174	\$ 35,185	\$ 34,343	\$ 35,232	\$ 30,845	\$ 28,602	\$ 18,443
\$ 46,162	\$ 37,899	\$ 35,185	\$ 30,943	\$ 35,232	\$ 29,569	\$ 28,602	\$ 18,443
\$3.03	\$2.59	\$2.43	\$2.32	\$2.35	\$2.10	\$1.98	\$1.45
\$3.03	\$2.38	\$2.43	\$2.08	\$2.35	\$2.01	\$1.98	\$1.45
\$3.02	\$2.58	\$2.32	\$2.22	\$2.24	\$2.02	\$1.90	\$1.43
\$3.02	\$2.37	\$2.32	\$2.00	\$2.24	\$1.94	\$1.90	\$1.43
2.9%	2.8%	2.7%	2.7%	2.7%	2.7%	2.6%	2.6%
13.4%	12.3%	12.6%	13.1%	14.3%	14.4%	15.1%	11.9%
\$ 1,590,461	\$ 1,465,031	\$ 1,347,138	\$ 1,298,406	\$ 1,331,961	\$ 1,235,557	\$ 1,188,090	\$960,879
\$ 85,598	\$ 73,644	\$ 70,536	\$ 70,209	\$ 76,982	\$ 68,504	\$ 61,846	\$ 51,113
\$ 46,162	\$ 41,174	\$ 38,408	\$ 36,964	\$ 38,811	\$ 34,876	\$ 32,931	\$ 25,737
\$ 46,162	\$ 37,899	\$ 38,408	\$ 33,564	\$ 38,811	\$ 33,600	\$ 32,931	\$ 25,737
\$3.03	\$2.59	\$2.48	\$2.34	\$2.41	\$2.17	\$2.07	\$1.61
\$3.03	\$2.38	\$2.48	\$2.11	\$2.41	\$2.09	\$2.07	\$1.61
\$3.02	\$2.58	\$2.37	\$2.24	\$2.31	\$2.08	\$1.97	\$1.56
\$3.02	\$2.37	\$2.37	\$2.03	\$2.31	\$2.00	\$1.97	\$1.56
2.9%	2.8%	2.9%	2.8%	2.9%	2.8%	2.8%	2.7%
13.4%	12.3%	12.3%	12.5%	13.9%	13.9%	13.9%	12.7%
\$ 512,768	\$ 449,272	\$ 442,316	\$ 405,676	\$ 403,592	\$ 361,151	\$ 364,492	\$301,429
\$ 148,580	\$ 136,180	\$ 128,686	\$ 133,165	\$ 116,348	\$ 91,087	\$ 78,255	\$ 63,949
\$ 705,802	\$ 631,129	\$ 612,535	\$ 577,286	\$ 538,836	\$ 465,666	\$ 460,045	\$381,970
\$ 247,107	\$ 236,051	\$ 207,825	\$ 130,124	\$ 158,012	\$ 160,391	\$ 148,042	\$122,880
1.93	2.11	1.89	1.47	1.64	1.80	1.68	1.69
\$ 128,241	\$ 115,865	\$ 146,031	\$ 156,557	\$ 116,221	\$ 116,568	\$ 155,143	\$140,440
\$ 356,138	\$ 336,013	\$ 292,438	\$ 265,441	\$ 259,825	\$ 225,652	\$ 200,948	\$161,042
\$ 23.79	\$ 21.59	\$ 19.41	\$ 17.69	\$ 16.57	\$ 14.93	\$ 13.48	\$ 12.48
.36	.34	.50	.59	.45	.52	.77	.87
\$ 1,421,112	\$ 1,008,634	\$ 936,556	\$ 817,323	\$ 751,293	\$ 786,496	\$ 699,342	\$410,343
\$ 653,256	\$ 542,345	\$ 446,233	\$ 386,947	\$ 299,042	\$ 429,151	\$ 380,287	\$354,379
51,081	48,338	45,750	46,201	53,300	51,588	50,146	41,821
\$ 35,453	\$ 30,570	\$ 32,545	\$ 28,236	\$ 29,553	\$ 26,163	\$ 22,560	\$ 19,536
\$ 29,839	\$ 28,344	\$ 27,222	\$ 26,342	\$ 22,153	\$ 19,585	\$ 16,694	\$ 12,422
\$ 41,024	\$ 32,351	\$ 27,081	\$ 47,087	\$ 48,137	\$ 33,130	\$ 26,545	\$ 23,567
14,971,613	15,564,578	14,136,834	13,766,773	14,423,465	14,347,131	14,123,872	12,115,450
—	—	932,356	1,239,183	1,259,263	770,403	788,948	792,023



Charles F. Adams
*Chairman of the Board
Raytheon Company*

Charles F. Avila*
*Corporate Director;
Retired Chairman of the
Board
Boston Edison Company*

Harvey Brooks
*Dean of Engineering and
Applied Physics, and
Gordon McKay Pro-
fessor of Applied
Physics
Harvard University
Principal business:
Higher education*

Roger C. Damon
*Corporate Director;
Retired Chairman of the
Board
First National Boston
Corporation*

Richard D. Hill
*Chairman of the Board
and Chief Executive
Officer
First National Boston
Corporation and The
First National Bank of
Boston
Principal business:
Banking*

William J. Hogan*
*President
Victory Carriers, Inc.
Principal business:
Owner and operator
of tankers in world
trade*

D. Brainerd Holmes
*Executive Vice President
Raytheon Company*

Gordon B. Jones
*Executive Vice Presi-
dent – Financial
Operations
John Hancock Mutual
Life Insurance
Company
Principal business:
Insurance*

Colman M. Mockler, Jr.
*President
The Gillette Company
Principal business:
Supplier of consumer
goods and services*

Albert L. Nickerson*
*Corporate Director;
Retired Chairman of the
Board
Mobil Oil Corporation*

Thomas L. Phillips
*President and Chief
Executive Officer
Raytheon Company*

Robert W. Stoddard
*Chairman of the Board
Wyman-Gordon
Company
Principal business:
Manufacturer of
impression die
forgings*

Management	Operating Management	Joseph Glasser <i>Vice President Manufacturing Manager Missile Systems Division</i>	Robert E. Siegfried <i>President The Badger Company, Inc.</i>
Charles F. Adams <i>Chairman of the Board</i>	Anthony Abate <i>Vice President Director, Radar and Ships Systems Programs Equipment Division</i>	Kenneth J. Haas <i>President Caloric Corporation</i>	E.D. Wilson <i>President Seismograph Service Corporation</i>
Thomas L. Phillips <i>President and Chief Executive Officer</i>	Adrian J. Brogini <i>Chairman of the Board The Badger Company, Inc.</i>	Harold M. Hart <i>Vice President Assistant General Manager – Technical Equipment Division</i>	Floyd T. Wimberly <i>Vice President Assistant General Manager –Systems Missile Systems Division</i>
D. Brainerd Holmes <i>Executive Vice President</i>	Henry M. Chance II <i>Chairman of the Board United Engineers & Constructors Inc.</i>	E. Nevin Kather <i>Vice President President and General Manager Raytheon Marine Company and Sorensen Company</i>	
Corporate Staff Management	John D. Clare <i>Vice President General Manager Raytheon Europe</i>	Eric M. Levi <i>Vice President Manager, Tactical Ground Defense Systems Programs Missile Systems Division</i>	
Albert H. Bryan, Jr. <i>Vice President Government Programs</i>	Thomas M. Dahl <i>President United Engineers & Constructors Inc.</i>	Harry A. Loebel <i>President Raytheon Service Company</i>	
Fritz A. Gross <i>Vice President, Engineering</i>	Edward L. Dashefsky <i>Senior Vice President General Manager Microwave and Power Tube Division</i>	Joseph R. Loufek <i>President Iowa Manufacturing Company</i>	
W. Rogers Hamel <i>Vice President Corporate Activities Washington, D.C.</i>	Luther Davis, Jr. <i>General Manager Research Division</i>	Justin M. Margolskee <i>Vice President General Manager – Operations Missile Systems Division</i>	
Everette L. Harper <i>Vice President Corporate Development</i>	Palmer Derby <i>Vice President Assistant General Manager Microwave and Power Tube Division</i>	J. Thomas Markley <i>Vice President President Raytheon Data Systems Company</i>	
Robert G. Hennemuth <i>Vice President Industrial Relations</i>	Francis M. Dowd <i>Vice President General Manager Semiconductor Division</i>	Ralph A. Martin <i>Vice President General Manager Submarine Signal Division</i>	
Robert L. McCormack <i>Vice President, Manufacturing</i>	George C. Foerstner <i>President Amana Refrigeration, Inc.</i>	Aldo R. Miccioli <i>Senior Vice President General Manager Missile Systems Division</i>	
Philip A. Phalon <i>Vice President International Affairs</i>	Mike W. Fossier <i>Vice President Assistant General Manager – Technical Missile Systems Division</i>	Joseph F. Shea <i>Senior Vice President General Manager Equipment Division</i>	
Charles H. Resnick <i>Vice President, Secretary and General Counsel</i>	Charles A. Fowler <i>Vice President Manager, Equipment Development Laboratories Equipment Division</i>	Rulon G. Shelley <i>Vice President General Manager Electromagnetic Systems Division</i>	
Arthur V. Schene <i>Vice President, Controller</i>	Francis S. Fox <i>Vice President President D.C. Heath and Company</i>		
Martin Schilling <i>Vice President Research and Development</i>			
Robert L. Seaman <i>Vice President, Planning</i>			
J.H. Sidebottom <i>Vice President Corporate Communications</i>			
G. Richard Westin <i>Vice President, Treasurer</i>			
Richard P. Axten <i>Director, Financial Relations</i>			
Richard F. Daly <i>Director, Government Marketing</i>			
James M. Hill, Jr. <i>Director, Procurement</i>			
Stephen W. Rowen <i>Director, Government Contracts</i>			



An Equal Opportunity Employer